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ABSTRACT

Provides public and system policy recommendations to state and local elected officials, governing bodies, and administrators responsible for the changes needed to create an integrated, comprehensive workforce development system that will sustain California's economic growth. Public policy recommendations include: workforce development services designed and organized to provide California's workers and employers with the skills and knowledge they need; universal access to workforce development information and services that enable all Californians to enter employment, advance in their careers, and achieve the quality of life they desire; public education that is the foundation of the workforce development system; efficient and effective use of public resources to provide workforce development services; and a structure based on the authorities and responsibilities of established governing and advisory bodies and administrative agencies. System policy recommendations include: expanding the state partnership to reflect the full scope of workforce development; sustaining and expanding collaboration among workforce development policy bodies and service providers; engaging the private sector as full partners; incorporating a "move up" strategy to continuously improve the knowledge and skills of every person in the labor force and ensure opportunities for career development and increase earnings; and continuing and expanding existing systems development initiatives as the foundation for regional and statewide systems. (VWC)

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CALIFORNIA WORKFORCE DEVELOPMENT:

A Policy Framework for Economic Growth

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Executive Summary

California Workforce Development: A Policy Framework for Economic Growth provides policy recommendations to state and local elected officials, governing bodies, and administrators responsible for the changes needed to create an integrated, comprehensive workforce development system that will sustain California's economic growth. No single document can serve as an operational plan for the extensive structure of state and local agencies, programs, and activities that provide workforce development services. This document instead provides a clear and coherent set of policies to serve as reference points for the many plans and decisions that define and shape workforce development. Without a shared vision and agreement on a policy framework, California cannot create the workforce development system it needs.

Underlying this *Policy Framework* are the "Guiding Principles" in the Memorandum of Understanding signed by the Secretary of Health and Human Services, the Secretary of Trade and Commerce, the State Superintendent of Public Instruction, and the Chancellor of the California Community Colleges (Appendix I in *Framework*). These principles define the interagency working relationships that made this document possible and are reflected in all of the recommended policies and actions. The framework was drafted and refined with the broad participation of representatives of key workforce development organizations, a series of public forums and teleconferences, and the knowledge of public policy experts. Many informal discussions took place with elected officials, administrators, and practitioners throughout the state. This public discussion defined basic expectations for a sustainable policy framework and workforce development system that will:

- Support economic growth;
- Respond to economic and social changes;
- Accommodate new directions in public policy;
- Respond to individual needs for lifelong learning, self-sufficiency, and career advancement;
- Be effective at the community, regional, and state levels;
- Ensure that the major components of the overall system—education, workforce preparation, and economic development—will in themselves be effective and accountable;
- Work as a system, not a collection of programs;
- Provide common measures for the success of those programs, sub-systems, and the system itself;
- Be administered through comprehensive state and regional partnerships that involve all key players, work through consensus, and expand to accommodate new partners;
- Empower local leaders to exercise leadership in problem solving, planning, and utilization of resources;
- Continuously improve through the application of quality management principles;
- Use resources efficiently;
- Provide measurable returns on investment of public funds; and
- Engage the private sector in workforce policy and systems development.

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Two kinds of policies within the *Policy Framework* respond to the challenge of creating a system that can meet these expectations: public policies that support the social and economic benefits to be achieved through a workforce development system, and system policies that are the foundation for the strategies and actions needed to create and maintain the system. (An expanded statement of these policies is included in the *Policy Framework.*)

Public policies include:

Workforce development services designed and organized to provide California's workers and employers with the skills and knowledge they need to sustain and encourage the growth of California's economy.

Universal access to workforce development information and services that enable all Californians to enter employment, advance in their careers, and achieve the quality of life they desire.

Public education that is the foundation of the workforce development system, to provide Californians with the fundamental skills and lifelong learning opportunities they need for career advancement and personal fulfillment.

Efficient and effective use of public resources to provide workforce development services acceptable to both those who use them and those who pay for them.

A structure based on the authorities and responsibilities of established governing and advisory bodies and administrative agencies.

System policies, and some key recommendations to implement them, include:

Expand the state partnership required by the Regional Workforce Preparation and Economic Development Act to reflect the full scope of workforce development:

- Include the University of California and the California State University systems in the state partnership.
- Recognize the important roles of private postsecondary schools, colleges, and universities in the workforce development system.
- Continue the direct participation of local agencies and the private sector in the development of workforce policy.
- Establish formal communication and coordination links from the state partnership to governing and advisory bodies and administrative agencies.
- Provide sufficient management and staff to meet state partnership commitments.

Sustain and expand collaboration among workforce development policy bodies and service providers, including social support services:

- Make effective use of existing methods of collaboration.
- Develop methods for coordinated planning.
- Make use of state discretionary funds.

Engage the private sector as full partners in every aspect of workforce policy and systems development, program operations, and delivery of services:

- Identify and implement strategies to increase private sector leadership and engagement in state and regional workforce development systems.
- Disseminate information on successful models of public-private collaboration.
- Measure the extent to which regional workforce needs for each industry are actually being met.
- Expand successful work-based learning programs, including those that build entrepreneurial skills and encourage small business development.
- Expand the apprenticeship system in the number of participants and scope to maximize the effectiveness of the apprenticeship model.

Incorporate a "move up" strategy within all segments of the workforce development system to continuously improve the knowledge and skills of every person in the labor force and ensure opportunities for career development and increased earnings:

- Provide universal access to services.
- Establish the "move up" strategy as a basic element of the workforce development system.
- Infuse work readiness and continuous growth in skills and knowledge into all educational curricula.

Support local development of regional boundaries for workforce development systems and service delivery methods:

- Continue state support for analysis of regional economies.
- Promote maximum flexibility for local elected officials, local agencies, and the private sector to define economic and functional regions.

Remove fiscal, eligibility, and other regulatory requirements that create barriers to accessing services:

- Establish policy through the governing and advisory bodies.
- Remove barriers established administratively.
- Remove or reduce barriers established in law.

Expand accountability for program results and systemwide outcomes to ensure continuous improvement in service delivery:

- Hold the K-12 system accountable to achieve academic standards.
- Fully implement the "report card system" required in SB 645.
- Use existing information systems as the basis for data needed to support performance-based accountability.
- Continue to address information systems and data sharing issues raised by federal and state confidentiality laws.

Continue and expand existing systems development initiatives as the foundation for regional and statewide systems.

California Workforce Development: A Policy Framework for Economic Growth and the other background documents are available online at www.regcolab.cahwnet.gov.

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California's Workforce Development System [1]

The Economic Context

There is compelling statistical evidence that California's economy has changed in fundamental ways in the past decade. California's business, government, education, and community leaders must respond equally in fundamental ways if the state is to retain its competitive edge in the 21st century. The California Economic Strategy Panel, a nonpartisan body of business and government leaders appointed to examine California's economy, found an industry mix substantially different from the economic base of our past, and a state economy made up of regional economies. In its seminal work, *Collaborating to Compete in the New Economy: An Economic Strategy for California*, the California Economic Strategy Panel determined that this dramatic transformation is systemic and not cyclical.

California has seen a transformation from a post-World War II economy highly dependent on defense-related and natural resource-based activities to a "new economy" with a significantly different industrial mix. This mix includes high-tech manufacturing, advanced telecommunications, motion pictures and multimedia, tourism, space and navigation, professional services, tools and content for the Internet, and biotechnology and genetic engineering. Nearly all the new jobs created since California's recovery began in 1994 are either directly or indirectly attributed to these emerging industries.

This transformation is causing changes in the way businesses operate to remain competitive. Several common characteristics define how businesses operate in the new economy. First, employees' knowledge, experience and attitudes are central to businesses' competitive success. Second, the new emerging industrial mix has deep, rich interconnections within and between companies, organizations, and public institutions. Companies that compete with each other also collaborate to develop shared talent and infrastructure. Information and communications technology enables this connecting process. Third, companies supply parts and components, and manufacture and sell globally against foreign competition. Fourth, much of the innovation, new products, parts, and components are produced by sole proprietors and small companies. Fifth, companies compete to develop and produce innovative products and services faster.

[1] The terms "workforce development" and "workforce preparation" are given different meanings in this *Policy Framework*. Although the terms are generally used interchangeably, as they were in the Regional Workforce Preparation and Economic Development Act, a useful distinction can be made. Workforce development refers to all of the programs that prepare people for work, including all educational segments and special programs, and job training and employment programs, whether operated by public, private, or nonprofit entities. Workforce preparation refers to job training and employment programs only.

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The changes in the way businesses operate are placing new demands on employees. First, the era of lifetime employment with one company has passed; the average worker will change jobs several times. Second, the workplace is being transformed into a "high performance" arena requiring workers to take on a greater variety of tasks through improved basic skills requiring literacy, computational abilities, and work readiness and flexibility skills. Third, jobs will require rapidly changing skill-sets which will, in turn, require opportunities for life-long learning for all workers. Fourth, computer competence and utilization of rapidly changing technologies will increasingly become a prerequisite to compete, or even survive, in the workforce.

This *Policy Framework* is the product of many years of research and public discussion of changes in California's economy and workforce, and of unease about California's continued ability to compete in the world economy. However, the California Economic Strategy Panel provided the focus and sense of urgency that led to this *Policy Framework*. The Panel's April 1996 report, *Collaborating to Compete in the New Economy: An Economic Strategy for California*, found that California employers' most important expectation of government was not regulatory change, tax reform, or infrastructure development–it was a better-qualified workforce. (This report is available online at commerce.ca.gov/california/economy/neweconomy.) Employers identified improvements in the education and job preparation systems as the first priority to achieve this goal. That report challenged California's business, government, education, and community leaders to respond to the needs of this new economy.

California's legislature responded to the Panel's report by creating the Regional Workforce Preparation and Economic Development Act. This law links workforce development to economic development, viewing these as parts of a comprehensive system. Rather than once again attempting to build a new structure of workforce development governing bodies, funds, programs, and agencies — a strategy that has failed in the past — it builds on the present structure, without proposing changes in authorities and responsibilities of existing governance, advisory bodies, and administrative agencies. The Act does this by creating a state partnership with the mandate and the opportunity to work in collaboration toward a common goal: a coherent, integrated workforce development system. This state partnership has produced this *Policy Framework* as the first and most important step in creating that system.

Components of the System

This *Policy Framework* is based on a comprehensive concept of workforce development. California must ensure that all programs that contribute to workforce development are included in a system that responds to the needs of the economy. This broad understanding of what constitutes workforce development is important. In the past, workforce development often has been defined as the job training programs designed to assist people with special needs, or in special circumstances. A broader vision – a comprehensive, coordinated system – will give all Californians access to the services they need, when they need them, in order to ensure lifelong learning, employment, and job progression.

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Currently, the components of workforce development in California are delivered through all segments of public education, employment and training agencies, private postsecondary institutions, community-based and nonprofit organizations, and in-house business and industry training. The following provides an estimate of current public sector investment, and reveals the challenge of systemic reform. These components make up the foundation of California's workforce development system:

Public Education

$4.4 billion	The University of California and California State University systems provide education for professional, technical, and scientific careers. They also provide fee-based specialized and customized education and training programs through their extension systems. The University's research function is also a significant engine of economic development.
$5.2 billion	The California Community College system provides education to transfer to four-year institutions and to advance technical and occupational skills.
$42.9 billion	The K-12 public school system provides academic preparation, introductory vocational education and career development programs.

Included within the figures for the California Community Colleges and K-12 systems are:

$320 million	Regional Occupational Centers and Programs provide training for high school students and adults to transition to advanced education and training, secure employment, or upgrade existing job skills.
$581 million	Public school Adult Education and community college Non-Credit Adult programs provide basic education, literacy, and vocational skills for adults.

State and Federal Employment and Training

$580 million	The Workforce Investment Act provides training resources for youth, adults and dislocated workers.
$1.1 billion	California Work Opportunity and Responsibility to Kids (CalWORKs, California's version of the 1996 federal Personal Responsibility and Work Opportunity Reconciliation Act, enacting welfare reform) provides funding to counties, Service Delivery Areas, community colleges, Adult Education programs, Regional Occupational Centers/Programs, and numerous support service organizations for training, job placement, and service support.
$550 million	The federal Welfare-to-Work program provides California with two grants totaling approximately $370 million, to be matched with about $180 million in state funds, to provide welfare-to-work services for long-term welfare recipients who have multiple barriers to employment.

$452 million	The Health and Welfare Agency's departments have programs that include Senior Community Service, Job Services, Veterans Programs, Wagner-Peyser funds, Trade Adjustment Assistance, Vocational Rehabilitation and Supported Employment, Food Stamps Employment, and Training and Refugee Assistance.
$162 million	Other programs that provide training and placement services to California residents are the Employment Training Panel, California Conservation Corps, Apprenticeship programs, and Job Creation Investment Fund.
$224 million	There are a variety of other state and federal programs, such as the Housing and Community Development Job Training and Employment Services, the Stewart B. McKinney Homeless Assistance program, and inmate employment and vocational education for incarcerated youths and adults.

(Note: all figures are approximate.)

The Policy Context

California's society and economy are in the midst of changes that are profoundly reshaping the approach to issues of public policy and private enterprise. These shifts demand new public sector systems for the delivery of vital services. Transformations in roles, relationships, and responsibilities will need to be accomplished if California is to maintain its strong economy and quality of life. This *Policy Framework* is based on, and seeks to advance, fundamental shifts that must take place in order to create a statewide workforce development system responsive to continually changing social and economic realities. These shifts are:

- From **job training to workforce development**, in which job training programs become part of a larger workforce development system through which a region, a state, or a nation can sustain economic growth and ensure the quality of life of its citizens.

- From **limited access to universal access**, in which services respond to the present needs of the individual, rather than to the predetermined needs of people who share certain characteristics.

- From **problem solving at the federal and state levels to regional and local problem solving**, through "devolution" of both authority and responsibility to the level of government closest to the people being served, as many local and regional partnerships already demonstrate.

- From an **agency or institutional focus to a customer focus**, in which the needs of the customer define organizations and drive the delivery of services, and in which customers are empowered and assisted to define their needs and select appropriate services.

- **From the private sector as a secondary customer to a primary customer,** by recognizing that the knowledge, skills, and attitudes needed for success in the workplace are defined by employers in response to the competitive standards of a global economy.

- **From categorical programs to partnerships and joint systems developed through collaboration,** by breaking down the artificial barriers between organizations, agencies, and individuals, and engaging them in mutually beneficial activities to create effective systems that better serve customer needs and that use resources more efficiently.

- **From education as an ancillary service to education as primary to workforce development,** by relating education to the needs of the individual preparing for productive participation in the economy.

- **From a process-based approach to a results-based approach,** by focusing on the quality of outcomes and continuous improvement of the processes which produce those outcomes, not just on the quantity of service provided or on compliance with the rules.

- **From entitlement to investment,** by basing public expenditures on evaluations of the real effects of programs and systems for the individual, the community and the state, rather than by building budgets from historical bases adjusted for the competing demands for categorical funds.

- **From categorical funding for institutions to service delivery funding for customers,** by relating funding to the development and operation of service delivery systems that respond efficiently and effectively to customers' needs, rather than the need to maintain existing organizations.

- **From bureaucratic time to real time,** by shortening the time and simplifying the process by which governmental decisions are made and implemented, in order to be more responsive to the real-world and real-time needs of modern American businesses and workers.

The Vision

California has a long tradition of economic growth based on innovation, creativity, opportunity, and entrepreneurship. The education, workforce preparation, and economic development structures that have served in the past are being challenged to evolve into a system that develops the citizenry to the highest possible levels of knowledge and skill necessary to compete in the new workplace. To meet this challenge for systemic change, an overarching vision for California's workforce development system is proposed:

> *"In order to achieve sustainable economic growth, meet the demands of global competition in the modern economy, and improve the quality of life for all Californians, California shall have a comprehensive workforce development system of education and workforce preparation linked to economic development that sets the standard for the nation and the world."*

This vision articulates both the anticipation of future prosperity and an imperative to action. Certainly, Californians have embraced these ideas in the past, and are challenged by the rapidly changing economy and conditions to create new systemic approaches.

A Policy Framework

A statewide workforce development system requires an inclusive and flexible *Policy Framework*. No plan can describe the details of California's future workforce development system. The policies in this framework will help the people who are responsible for workforce development services make decisions that are in the best interests of California's students, workers and employers. These policies must apply to every workforce development program throughout the state over the long term. They must be sufficiently broad to apply to every program and sufficiently flexible to adapt to evolving needs. They also must be sufficiently specific to provide a basis for the basic strategies and actions that are needed to create and maintain a statewide system.

The *Policy Framework* presented here is a consensus of the state partnership whose members are responsible for the major workforce development programs. Their consensus is derived from the advice and support offered by many people who participated in the development of the *Policy Framework*. The policies which constitute the framework should guide the daily decisions and actions of every elected and appointed official, program administrator, and line worker who is responsible for providing workforce development services. If the people who are responsible for the system understand, accept, and implement these policies, California can create and maintain the workforce development system it needs.

This framework contains two kinds of policies: public policies that support the social and economic benefits to be achieved through a workforce development system, and system policies that are the foundation for the strategies and actions needed to create and maintain the system.

Public policies include:

- Workforce development services designed and organized to provide California's workers and employers with the skills and knowledge they need to sustain and encourage the growth of California's economy.
- Universal access to workforce development information and services that enable all Californians to enter employment, advance in their careers, and achieve the quality of life they desire.
- Public education that is the foundation of the workforce development system, to provide Californians with the fundamental skills and lifelong learning opportunities they need for career advancement and personal fulfillment.
- Efficient and effective use of public resources, to provide workforce development services acceptable to both those who use them and those who pay for them.
- A structure based on the authorities and responsibilities of established governing and advisory bodies and administrative agencies.

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System policies include:

- Expansion of the state partnership created by the Regional Workforce Preparation and Economic Development Act to reflect the full scope of workforce development, and to provide the resources needed to support the many tasks which must be carried out jointly by the partner agencies.

- Development of relationships based on collaboration across governance and program boundaries, making it possible to create regional and statewide systems without undertaking changes in governance or agencies' responsibilities for program administration. Social support services must be involved in these collaborative relationships.

- Engagement of the private sector as full partners with the public sector in every aspect of workforce policy and systems development, program operations, and delivery of services.

- Continuous improvement in the knowledge and skills of every person in the labor force to ensure that every worker has the opportunity for career development and increased earnings. This "move up" strategy will improve the skills of individual workers and the entire labor force.

- Local development of regional boundaries for workforce development systems and service delivery methods, based on local determination of regional economies and functional partnerships. This permits local elected officials and agencies and private sector representatives to combine state analysis of economic regions with local economic, political, and administrative considerations, in order to determine the most effective workforce development regions and service strategies.

- Removal of fiscal, eligibility, and other regulatory requirements that create barriers to accessing services. This ensures that persons with specific needs will receive the services to which they are entitled by law, without creating barriers to development of a system that ensures universal access to services.

- Accountability for program results and systemwide outcomes to ensure continuous improvement in service delivery. This will expand the responsibility of individual agencies for fiscal integrity and conformance to legal service and eligibility requirements, but provide the outcome measures needed to evaluate the system's effects on individual customers, the economy, and the society.

- Expansion of existing system development initiatives as the foundation for regional and statewide systems. This will make maximum use of the substantial investments in successful systems and partnerships, and facilitate the development of comprehensive regional systems.

Recommended Actions

The framework of public policies and system policies recommended above cannot stand alone as the basis for long-term development of an integrated statewide workforce development system. Therefore, this *Policy Framework* expands each system strategy to include recommended actions. These recommended actions provide more specific guidance for decisions that affect development of the statewide system.

Policy: Expand the partnership required by the Regional Workforce Preparation and Economic Development Act to reflect the full scope of workforce development.

The four state partners have demonstrated their ability to work in collaboration to effect systemic change. However, creation of a statewide workforce development system requires expansion of the partnership to include the higher education segments and other interests, as well as a commitment to carry out the partnership's work.

Recommended actions:

- The state partnership should **include the University of California and the California State University systems in the state partnership.** The educational standards and programs of K-12 schools and the community colleges are greatly influenced by the universities' academic requirements. Both systems are important to the state's continued economic development – with the University of California in particular a key engine of economic growth – and both have important responsibilities for career preparation. Their active participation in the partnership is essential to a truly comprehensive statewide system.

- The state partnership, the education governing bodies, and the California Workforce Investment Board should **recognize the important roles of private postsecondary schools, colleges, and universities in the workforce development system.**

- The state partnership, the education governing bodies, and the California Workforce Investment Board should **continue the direct participation of local agencies and the private sector in development of workforce policy,** and ensure that the state partnership clearly communicates the *Policy Framework* to local agencies and regional partnerships.

- The state partnership, the education governing bodies, and the California Workforce Investment Board should **establish formal communication and coordination methods** to ensure that the state partnership clearly communicates the *Policy Framework* to governing bodies such as the Board of Governors of the California Community Colleges and the State Board of Education, to advisory bodies such as the California Workforce Investment Board, and to state administrative agencies.

- The state partnership, with the concurrence of the education governing bodies, should provide sufficient management and staff, working in a shared organizational setting, to ensure that the state partnership's commitments are met.

Policy: Sustain and expand collaboration among workforce development policy bodies and service providers, including social support services.

Recommended actions:

- **Make effective use of existing methods of collaboration.** The state should take full advantage of the opportunities for collaboration offered by organizations such as the Intersegmental Coordinating Council (ICC), the School-to-Career Interagency Partnership, the Joint Advisory Council for Vocational Education, and others.

- **Develop methods for coordinated planning.** Several steps can be taken to create a more coordinated system for preparing required state and local program plans.
  - The state partnership must develop a plan and schedule for a coordinated structure of workforce development plans.
  - The state partnership should ensure that individual program plans are developed jointly by the state agencies that have interests in these plans so that agencies share responsibility for the plans, and the plans are consistent and coordinated to the extent the laws allow.
  - The state partnership should review each state plan to ensure consistency with other plans and to verify that each plan is consistent with this *Policy Framework.*
  - The California Workforce Investment Board and the education governing bodies should encourage local agencies to create regional workforce development policy frameworks and planning teams, and should review the local plans to ensure consistency with this *Policy Framework* and state program plans.

- **Optimize use of state discretionary funds.** The state partnership must invest discretionary program funds in the development of partnerships and shared systems at the state and regional levels.
  - The state partnership should identify all discretionary funds that can be used to encourage the development of regional partnerships and shared service delivery systems, and should advise the governing and advisory bodies and administrative agencies that such funds should be used for this purpose.
  - The state partnership should recommend standards for the development of regional workforce development partnerships to ensure that all workforce development agencies, private sector interests, and existing partnerships are included.
  - The California Workforce Investment Board, the education governing bodies, and the state agencies responsible for workforce development programs should give priority, in the distribution of discretionary funds, to those local agencies which participate in regional workforce development partnerships.

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- The California Workforce Investment Board and the education governing bodies should develop recommendations for local elected officials and governing bodies that will encourage the collaboration and support of local agencies that participate in regional partnerships.
- The California Workforce Investment Board and the education governing bodies should set aside portions of their discretionary funds to provide incentives for regional partnerships that are developing shared systems with exceptional potential for statewide application.
- The state partnership should develop a method to identify critical workforce development funding needs and exceptional opportunities to invest workforce development funds, so that the state's priority employment needs are met and to make sure that the policies in this framework are implemented.

Policy: Engage the private sector as a full partner in every aspect of workforce policy and systems development, program operations, and delivery of services.

Despite greatly increased collaboration between the public and private sectors in recent years, there is still a considerable way to go to enhance understanding between what are really separate cultures and to learn more about each other's needs and parameters. This includes recognizing that the "private sector" includes organized labor and nonprofit organizations as well as business and industry. Public and private decisions, especially those affecting workforce development, can no longer be made "in a vacuum." Meeting the needs of the economy for a skilled workforce, and the needs of Californians for skills and for good jobs that use those skills, is both a mutual concern and a joint responsibility. Government can play a stronger role as facilitator for identifying common goals and developing strategies to achieve them; the private sector's willingness to be engaged will be critical to real systemic change.

Recommended actions:

- The state partnership, the California Workforce Investment Board, and education governing bodies should **identify and implement strategies and incentives that increase private sector leadership and engagement** in state and regional workforce development systems.
- The state partnership and the California Workforce Investment Board should **disseminate information on successful models of public-private collaboration** that may be replicated.
- Business and industry should work closely with the state partnership and the California Workforce Investment Board to **develop processes that measure the extent to which regional workforce needs for each industry are actually being met.**
- Business and industry, working with educational agencies, **should provide teachers and other public agency employees with opportunities for periodic work experience in the private sector** to help ensure that instruction and services are relevant to current business needs.

- Educational agencies, in collaboration with business, **should expand successful work-based learning programs** to provide more students and trainees the opportunity to develop relevant job knowledge and skills. These programs should include entrepreneurial skills and encourage small business development.

- Organized labor, employers, education governing bodies, and the appropriate state agencies should work together to **expand the apprenticeship system**, both in numbers and scope, in order to maximize the effectiveness of the apprenticeship model within the workforce development system.

- The state partnership and the California Workforce Investment Board should **recognize the critical need for research and development in the workforce development system** and build capacity for meeting that need by working with business, industry, and higher education.

- The state partnership, the California Workforce Investment Board, and the education governing bodies should work with business and industry to expand education and training which is designed to upgrade existing skills of employees to better meet the needs of employers and increase opportunities for individual advancement.

Policy: Incorporate a "move up" strategy within all segments of the workforce development system to continuously improve the knowledge and skills of every person in the labor force and ensure opportunities for career development and increased earnings.

Recommended actions:

- **Provide universal access to services.** California's workforce development system should benefit the entire workforce. A "move up" strategy for continuous improvement in the knowledge, skills, and abilities of individuals to be competitive in the labor force, and the labor force to be competitive in the global economy, requires timely access to education and training. Several steps will help to ensure that services are based on need, rather than on categorical definitions and administrative convenience:
  - The California Workforce Investment Board and the education governing bodies must establish customer-based evaluation criteria for the one-stop service delivery system. These criteria will help the state and regional partnerships determine whether service delivery systems are responding to customers' real and immediate needs.
  - The state should develop, and keep current, a single comprehensive source of career information to assist people in making informed career choices. This should include detailed information on jobs, career paths, available training and education services, financial assistance, and counseling and support services.

- **Establish the "move up" strategy as a basic element of the workforce development system.** Several steps will help California to integrate this strategy into all aspects of workforce development:
  - The California Workforce Investment Board and the education governing bodies should establish and implement the "move up" strategy in their policy decisions.
  - The state agencies responsible for workforce development should evaluate their programs and service delivery methods to determine whether the services provided support California's "move up" strategy.
  - The state partnership should constantly review the performance of the workforce development system to ensure equity for all individuals.

- **Infuse work readiness and continuous growth in skills and knowledge into all educational curricula.** California has many programs that connect education with work, and that support continuous improvement in knowledge and skills. The connection between lifelong learning and lifelong career advancement should be established in every curriculum and educational program. California can take several actions to make this systemic change:
  - The education governing bodies should establish work readiness and advancement as a key objective of all curricula and educational programs.
  - The California Workforce Investment Board and the education governing bodies, in collaboration with private sector advisors, should develop model career and work readiness standards that define the knowledge and skills necessary for all individuals to succeed in the workforce.
  - The education governing bodies must ensure that all students who leave the K-12, adult education, and community college educational systems are prepared for employment and advanced training or higher education.

Policy: Support local development of regional boundaries for workforce development systems and service delivery methods.

Recommended actions:

- **Continue state support for analysis of regional economies.** California's Economic Strategy Panel has given general acceptance to the principle that California's economy is made up of regional economies, and the Panel has provided a wealth of data to support analysis of regional economies. Several steps will help the state provide continued support:
  - The Governor and the Legislature should maintain the Economic Strategy Panel as the principal vehicle for analysis of the state's regional economies and recommendations on economic strategies that will further California's economic growth.
  - The state agencies that are the principal sources of economic data should work in collaboration with the Panel to provide the data necessary for sound analysis of regional economies.

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- The state agencies that provide economic data and analysis should work in cooperation with local agencies and the private sector to assist local and regional partnerships to produce additional data when necessary, analyze their economies, and develop sound economic strategies.

- **Promote maximum flexibility for local elected officials, local agencies, and the private sector to define economic and functional regions.** California law contains definitions of substate regions that affect the structure of workforce development systems and the delivery of services. Regional boundaries and administrative relationships defined in law cannot reflect the rapid changes which take place in regional economies and programs; these boundaries and relationships may override the knowledge and judgments of local elected officials, program administrators and businesses. Some actions are needed to provide the flexibility local officials and the private sector need to define regions most effectively:
  - The Economic Strategy Panel should work in cooperation with the state partnership to develop analytical standards and methods that local officials and agencies can use, in cooperation with the private sector, to develop the most useful definitions of economic regions and the most effective definitions of functional workforce development system boundaries.
  - The state partnership, with the concurrence of the education governing bodies, should review federal and state laws and regulations and their own administrative procedures, and modify or remove mandated definitions of economic or functional regions where these constrain the development of effective workforce development partnerships.
  - The California Workforce Investment Board and the education governing bodies should establish or recommend policies that provide local elected officials and administrators with the authority to define regional boundaries for analytical and administrative purposes.

Policy: Remove fiscal, eligibility, and other regulatory requirements that create barriers to accessing services.

Congress, the Legislature, and administrative agencies have created programs to serve people with specified characteristics and needs by defining eligibility requirements and delineating the services they will receive. There are similar legal and administrative limits and consequences on uses of client and program data. These categorical constraints are the largest and most difficult barrier to many of the policies proposed in this framework; they are the crux of the issue of transforming programs into a system. For example, universal access to services, development of shared systems, and accountability measures are seriously compromised by categorical fiscal, eligibility, and data restrictions. Removing or at least reducing these barriers requires long-term commitment and work by state and local agencies.

Recommended actions:

- Establish policy through the governing and advisory bodies.
  - The California Workforce Investment Board and the education governing bodies must adopt policy to minimize barriers and ensure full consideration of the policy in their decisions.

- Remove barriers estalblished administratively.
  - The state partners should initiate a joint process to identify and remove categorical constraints they have created through administrative action. They should commit to this process in the Memorandum of Understanding required by the Regional Workforce Preparation and Economic Development Act.
  - The California Workforce Investment Board and the education governing bodies should oversee the work of the administrative agencies to ensure that they are held accountable for achieving results.

- Remove or reduce barriers established in law.
  - The state partnership should jointly review and advise their governing bodies regarding legislation affecting workforce development programs to ensure that additional categorical constraints are not created and to identify opportunities to remove existing constraints.
  - The state partnership, with the concurrence of the education governing bodies, should jointly propose and promote legislative amendments that will remove or reduce regulatory barriers.

Policy: Expand accountability for program results and systemwide outcomes to ensure continuous improvement in service delivery.

With few exceptions, existing accountability measures are limited to ensuring that funds are spent for eligible persons and services. Program performance is measured by activity counts. Neither of these measures provides the accountability for results and outcomes that a system requires. Some actions will accelerate the development of more effective program and system accountability.

Recommended actions:

- The State Board of Education, the State Superintendent of Public Instruction, and the California Department of Education should continue to work with the Governor and the Legislature to **ensure that K-12 education is held accountable for students and schools to achieve academic standards.**

- The California Workforce Investment Board and the education governing bodies should adopt policies that **support the full implementation of the "report card system" required by SB 645.**

- The state partnership should continue its **commitment to use existing information systems as the basis for the data needed to support performance-based accountability.**

- The state partnership should continue to **address information systems and data sharing issues raised by federal and state confidentiality laws.**

Policy: Continue and expand existing systems development initiatives as the foundation for regional and statewide systems.

California has made significant progress in implementing major initiatives affecting workforce development, including the Performance-Based Accountability system, School-to-Career, regional partnerships under the Regional Workforce Preparation and Economic Development Act, and One-Stop Career Centers. The work that has been accomplished and the momentum gained through them should not be lost.

Recommended actions:

- The state partnership should **continue, expand, integrate, and evaluate the Performance-Based Accountability system, School-to-Career, regional partnerships under the Regional Workforce Preparation and Economic Development Act, One-Stop Career Centers, and other collaborative interagency initiatives.**

Conclusion

Development of a comprehensive, integrated workforce development system for California is a long-term public-private undertaking of intimidating scope and complexity. The issue is not whether this system is needed nor whether California should undertake its development. The issue is where and how to begin a process that will fundamentally change the work of many thousands of people, including elected and appointed officials, administrators and staff, as well as administrative processes which have operated in well-worn grooves for decades. This long journey begins with some basic tasks that are difficult in themselves. But, because they build on partnerships and initiatives already in place, they can be done.

A significant next step in beginning this journey is California's implementation of the federal Workforce Investment Act (WIA), which was passed in 1998 and will replace the Job Training Partnership Act (JTPA) in 2000. Implementing WIA can support – but is not synonymous with – creating an integrated workforce development system. The state partnership, with the consent of its governing bodies, must:

- Define logical and productive relationships among: this *Policy Framework*; the five-year strategic workforce investment plan required to obtain federal approval and funds for California under WIA; and other workforce development plans, including adult education, vocational education, and vocational rehabilitation.

- Maintain and expand the state partnership begun in response to the Regional Workforce Preparation and Economic Development Act, and complete the three-year pilot operation and evaluation of the regional partnerships funded under the Act.

- Support collaboration among state and local agencies and the private sector, and encourage existing partnerships to coalesce into regional partnerships responsive to regional economic needs.

- Include the private sector, local elected officials, job training agencies, community colleges, schools, regional occupational and adult education programs, social service agencies, and four-year colleges as full partners in collaborative efforts.

California must benefit from what has been learned from other systems development initiatives, including the Regional Workforce Preparation and Economic Development Act, the state legislation which led to development of this *Policy Framework*.

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With release of this document and its transmission to the Governor and the Legislature, a major task mandated by the Regional Workforce Preparation and Economic Development Act is complete. California is, however, just beginning to build the system needed to ensure California workforce development can meet the challenges of the future. Those who care about the future of California – not just its economic future but the quality of life for all Californians – should consider how they can contribute to the changes identified in these recommendations. Everyone can become part of developing the comprehensive, integrated system envisioned in this *Policy Framework*. In doing that, we can meet the state's economic and workforce needs for the 21st century, and we can build a better state for ourselves, our children, and future generations.

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I. Memorandum of Understanding

I. Purpose

The purpose of this document is to describe how the Secretary of Health and Welfare, the Secretary of Trade and Commerce, the Chancellor of the California Community Colleges with the consent of the Board of Governors, and the Superintendent of Public Instruction with the consent of the State Board of Education, will collaborate to develop an integrated state workforce development plan. This document describes the public policy framework and management process by which the four agencies will develop three products: a competitive grant award process which will fund a minimum of five initial regional partnerships in 1998, a long-range state workforce development plan, and a public information and outreach plan.

The parties agree to commit to the long-term implementation of the cooperatively developed state workforce development plan. It is the intent of this MOU to ensure implementation of all provisions of Chapter 6 of AB 1542.

II. Background

On August 11, 1997, Governor Pete Wilson signed AB 1542, the Welfare-to-Work Act of 1997, which implements welfare reform in California. Contained within this bill is the Regional Workforce Preparation and Economic Development Act (hereinafter referred to as the Act). The goal of the Act is to develop a coherent and integrated system of education and training linked to economic development, which will provide world class education and training for all Californians, including those making the transition from dependency on public assistance to self-sufficiency.

The Legislature anticipates California's needs for the 21st century and intends, as expressed in Chapter 6 of AB 1542, that:

> *"California must have a world class system of education and training linked to economic development in order to meet the demands of global economic competition."*

Further, the major objective of the Act is the "...integration of existing local and regional partnerships that support initiatives in education reform, workforce preparation, and economic development." And the Act will "...demonstrate how, through the collaboration of state and local resources, education, workforce preparation and economic development services can be delivered to clients in a more responsive, integrated, and effective manner."

The Act directs the parties to enter into a memorandum of understanding on or before April 1, 1998 to "develop and maintain" an integrated state workforce development plan and initiate a competitive process to fund a minimum of five regional collaboratives which include education, workforce preparation, and economic development. In addition, the state partners will identify five million dollars per year for each of three years from existing state and federal funds to support these collaboratives.

(Note: The term customers refers to all end users and beneficiaries of the workforce preparation system, including, but not limited to, employers and people seeking initial employment or advancement.)

III. Guiding Principles

The development of a competitive grant award process, state workforce development plan, and public information and outreach strategies will reflect the following guiding principles:

- California will ensure that it has the highly-skilled, adaptable, and creative workforce necessary for the new economy of the 21st century.
- California's workforce preparation system will prepare workers to be adaptable to change and committed to lifelong learning.
- California's workforce preparation system will be locally driven, integrated, and flexible and prepare workers with the knowledge and skills employers need.
- California's workforce preparation system will be evaluated using both individual and collective accountability measures at the state and regional levels and incorporate the principles of continuous improvement.
- California's workforce preparation system will be customer-driven, and the state workforce development plan will reflect consultation with all local stakeholders including job seekers, employers, and education and training providers.
- California's workforce preparation system will build upon research and statewide initiatives in education, workforce preparation and economic development.
- The system will be created through a collaborative process that operates by building consensus to establish and implement policy, and will recognize the roles and existing statutory authority of each collaborative member's governing body.

IV. Expected Outcomes

A. The expected outcomes of the integrated state workforce development plan are:

1. A framework and public policy goals which result in a coherent, comprehensive, accountable, and customer-focused system which will support the growth and competitiveness of California's economy.

2. A system to provide world class education and training linked to economic development for all Californians.

3. A system which will help those dependent on public assistance meet the time limit and workforce preparation requirements of federal and state welfare reform.

4. Collaborative processes which meet the needs of both statewide and local partners, and interagency agreements based on a mutual commitment to long-term collaboration.

5. Inclusion of business and labor in the development of the system.

B. The expected outcomes of the regional collaboratives are:

1. Organizational models which improve the efficiency and effectiveness of delivering workforce development services in response to regional economies and emerging trends.

2. Methods to identify new and redirected resources, federal and state waivers, and legislative changes necessary to enhance the effectiveness of local systems.

3. Effective service delivery through integration of existing partnerships in economic development, employment and training services, welfare reform, and school reform into one regional collaborative partnership and process consistent with the goals of California's One-Stop Career Center System.

C. The expected outcome of the public information and outreach effort are:

1. Informed stakeholders who can provide meaningful input into the state workforce development planning process.

2. Competitive regional collaboratives requesting funds to develop efficient workforce development delivery systems.

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V. Identification of Funds

This section identifies the fund sources that may be used in year two to fund the regional collaboratives. Funds for the third year will be identified in modifications to the MOU if necessary.

A. The fund sources may include, but are not limited to, the following:

1. Improving America's Schools Act (IASA) Administration Funds
2. Job Training Partnership Act (JTPA) 8%/20% Administrative Funds
3. Community College Economic Development Funds
4. Governor's Discretionary Welfare-to-Work 15% Funds
5. Welfare-to-Work Matching Funds.

VI. Modification or Termination of MOU

The following section describes how the partner agencies may modify or terminate this document.

A. Modification

If any modification(s) or amendments(s) of this Agreement is (are) proposed by a partner agency, the designated representatives of the other three agencies shall be given at least thirty (30) days written notice of the proposed modification(s) or amendment(s). Thereafter, this Agreement may be amended in writing by mutual consent of the parties.

B. Termination

This Agreement may be terminated by any one of the parties by notifying the other parties and the Legislature in writing thirty (30) days prior to the effective date of termination. The written notification must state the reasons for which the partner agency proposes to terminate the Agreement. If the Agreement is terminated, the partner agencies shall have 90 days to execute a new Agreement. During this period, the partner agencies which choose to do so may continue to carry out the Act according to the terminated agreement.

VII. Workplan

This section describes the consensus building process by which the four agencies will develop the state workforce development plan, competitive grant award process, and outreach strategies.

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A. Management

The four entities will identify staff representatives to implement the plan for the designated principals. Staff from all four agencies will:

1. Meet on a regularly scheduled basis to implement the workplan and carry out the activities described in the MOU.

2. Provide staff support to jointly plan, draft, and disseminate all work products such as the state workforce development plan, report to the Legislature, grant award criteria, and outreach materials.

3. Share information with internal and external customers on the development of the state workforce development plan and grant award process.

4. Oversee the commitment of agency funds to ensure that all appropriate state and federal guidelines are observed and that the goals of the Act are achieved.

5. Monitor and share information on the outcomes of each agency and/or program funded by designated collaborative funds. These indicators will include:

   a. fiscal accountability
   b. quality measures

6. Resolve issues of mutual concern or interest through consensus.

B. Process for Continued Development of the State Workforce Development Plan

The final document will reflect a shared vision for an integrated workforce preparation system created through the collaborative process. The plan will include an overall strategy for the delivery of services, how resources can best be maximized, and include performance measures.

The following process will be used to develop the state workforce development plan:

1. Development of background materials and key questions.

2. Solicitation of input from key stakeholders regarding the basic components of the state workforce development plan and responses to key questions.

3. Writing of draft public review state workforce development plan.

4. Public review state workforce development plan approved by the principals prior to the public review.

5. A broad and inclusive public review process to inform all interested parties of the draft public review state workforce development plan.

6. The public review process will provide public meetings in all regions of the state to solicit input to the plan.

7. The four participating agencies will use their established communication and consultation processes to ensure their constituencies participate in the review process.

8. Changes made to the state workforce development plan based on public process.

9. Recommend final state workforce development plan.

10. Review and adoption of state workforce development plan by the Governor, the Board of Governors, and the State Board of Education.

C. Process for Development of the Grant Award Process

The partner agencies are charged with developing a competitive process to select regional collaboratives. These regional collaboratives will receive financial incentives to develop local partnerships which maximize the delivery of employment, training, and educational services. Each state partner will distribute funds directly to eligible local fiscal agencies for allowable activities pursuant to restrictions by funding source. It is anticipated that there may be more than one fiscal agent administering funds for each selected regional collaborative. The regional collaborative must be selected and funded by July 1, 1998.

In order to meet this schedule, the following process will be used:

1. Funds identified and committed by parties.

2. Award and scoring criteria developed.

3. Request for Application (RFA) finalized.

4. RFA distributed.

5. Bidders conferences held.

6. Deadline for submission.

7. Proposals evaluated and scored.

8. Site visits held.

9. Awards are announced jointly by the Governor's Office and Governing Bodies.

10. Collaboratives are funded. (Note: Each partner will use the funding process pursuant to its own administrative rules and legal requirements of funding sources.)

D. Process for Public Information and Outreach

The success of the collaborative effort to develop an integrated state workforce development plan and encourage local collaboration depends on the ability of the partner agencies to inform and involve local stakeholders and customers. The outreach strategy includes soliciting involvement from employers and other key customers in the development of the state workforce development plan and the implementation of the regional collaboratives.

The outreach effort will include, but not be limited to, the following activities.

1. Identify individuals for speakers bureau.

2. Develop new outreach materials.

3. Establish web page.

4. Identify inclusive list of organizations and individuals.

5. Conduct ongoing presentations.

IX. Summary

Education and workforce preparation are critical to California's viability in the 21st century. The development of a shared workforce vision and plan by the four partner agencies will establish the means for California to enter the next century poised to successfully compete in the global economy. The regional collaborative pilots will develop the foundation for a new delivery system based on local realities and a shared common vision. The partnership created through this MOU will invite systemic change in the way programs inter-relate and deliver services. The partnership between the education, economic development, and workforce preparation community will also develop knowledge that can foster better citizenship and improve the quality of life for every Californian.

We may measure our success if collectively we will have developed a coherent, integrated, and accountable workforce preparation system which prepares a highly skilled and well-educated workforce. We may also measure our success if we develop new models of cooperation and collaboration which replace the ineffective model of singular objectives and narrow interests. Ultimately we will measure our success if all Californians are poised to enter the next century prepared to succeed.

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II. Review of the Regional Workforce Preparation and Economic Development Act

Over the past several decades, workforce development – the process by which people become productive, economically self-sufficient adults – has been provided through a profusion of federal and state categorical programs administered by a complex structure of governance, advisory bodies, and administrative agencies. Education, from kindergarten through the postsecondary segments, is by far the largest component of workforce development, and represents at least two-thirds of California's investment in its programs. In addition to the educational segments, which provide core educational services and a variety of occupational preparation and "second chance" programs, workforce preparation programs provide job training for young adults, displaced workers and homemakers, and people with other socioeconomic barriers to employment. A parallel structure of public and private economic development programs has focused on business attraction, retention and expansion by offering financial incentives, simplifying regulations, and improving infrastructure, but rarely has been meaningfully connected to education or training systems that prepare workers for the jobs that economic developers seek to create.

In recent years, however, there has been an increased, and increasingly serious, workforce policy discussion, nationally and in many states, in which three major themes predominate:

- Governments need to ensure that workforce development and economic development programs respond to the needs of changing economies. New and emerging industries require much higher levels of education and job skills than the old manufacturing industries. Therefore, changes in workforce development mean changes in educational programs, to ensure that all job seekers have attained basic education and employment skills, and changes in job training and employment programs. In addition, the long-standing economic development approach to job creation is changing significantly in California. The traditional methods of business attraction, expansion and retention remain important, but the need for a highly skilled, adaptable workforce required by expanding leading-edge small businesses, and which attracts and retains high-skill, high-wage businesses, is now being recognized.

- A national redirection of public assistance has at least three important implications for workforce development. First, there is movement away from public assistance as an entitlement toward transitional assistance leading to employment and self-sufficiency goals. Second, welfare reform reflects a national consensus that productive employment is fundamental to individual and social well-being, and therefore, employment is the goal of public assistance, rather than merely a means of reducing the costs of public assistance. Third, welfare reform established the connection between social services and workforce development, creating a recognition that

housing, transportation, child care, health care, and freedom from drug dependency are for many people as important to gaining employment as education or job training. These themes are expressed most recently in the Workforce Investment Act of 1998, and probably represent the direction of future workforce and social legislation and programs.

- There is an increasing emphasis on the effective use of resources by creating state and local partnerships of agencies and programs, to effect systemic changes that improve program performance. The national School-to-Work Opportunities Act, the national initiative to create a system of One-Stop Career Centers – now a component of the Workforce Investment Act – and federal and state welfare reform laws are examples of this trend.

A fourth, less consistent movement, toward reducing the categorical and regulatory constraints on state and local program operations is a salient feature of the federal and state welfare reform laws. However, while the federal Welfare-to-Work program and the Workforce Investment Act contain language encouraging state and local partnerships and program coordination, they are in fact highly prescriptive and do little to remove regulatory and categorical constraints. States and local governments want to be relieved of regulatory burdens so that they can develop efficient and effective systems, and they appear willing to accept the accountability that goes with greater freedom in program operations. Federal and state categorical program requirements and regulations, however, remain a major barrier to a systemic approach to workforce development.

California has been deeply engaged in these discussions, and in implementing changes that reflect these trends. Two key events led to the mandate to develop a state workforce development system and policy. First was the publication of the report of the California Economic Strategy Panel, *Collaborating to Compete in the New Economy*. This report made three general recommendations, the first two of which focused on the need to create a workforce development system that would respond to the needs of California's changing economy. Other traditional economic development concerns, such as infrastructure, regulation, and taxation, came third. The second key event was the inclusion in California's welfare reform law, the California Work Opportunity and Responsibility to Kids (CalWORKs), of the Regional Workforce Preparation and Economic Development Act (referred to as "the Act"). This new law is a direct response to the Economic Strategy Panel's recommendations regarding education and job training programs.

The Act states the issue succinctly: "California must have a world–class system of education and training linked to economic development in order to meet the demands of global economic competition." The Act addresses this issue through several mandates:

- A Memorandum of Understanding which creates a state partnership that includes the Secretary of Health and Welfare, the Secretary of Trade and Commerce, the Chancellor of the California Community Colleges, and the State Superintendent of Public Instruction;

- An integrated state workforce development plan which provides both a policy framework and implementation strategies to create a state workforce development system linked to economic development and changes in the economy; and

- Funding to support regional partnerships in developing regional workforce preparation systems linked to their regional economies.

In addition, the Act specifies the basic methods that California will use in creating a workforce development system. The Act directs the state partnership to:

- Respect the existing governance and administrative structures,
- Use collaboration at the state and local levels to create systems out of diverse programs,
- Build on initiatives such as School-to-Career, One-Stop Career Centers, and the California Community Colleges economic development program, all of which have demonstrated their effectiveness,
- Make more effective and efficient use of resources through expanded regional partnerships, and
- Build on existing requirements for performance-based accountability.

The development of California's integrated state workforce development plan, therefore, is not an isolated event, separate from other education and job training programs and initiatives. It is based on public policy decisions, made in response to long-standing concerns, and it is intended to encompass all aspects of workforce development. The discussions leading to the Act, in the summer of 1996, recognized that, in the absence of federal workforce legislation, California needed to move ahead in creating a state workforce development policy plan and system.

The Act attempted to anticipate the features of future federal legislation, such as a state partnership among employment, education, job training, and economic development agencies, the requirement for a comprehensive state plan, and a statewide system of One-Stop Career Centers. In general, the Act did predict the new federal legislation in many of these areas. California now must determine, through the legislative process, how the specific requirements of the federal Workforce Investment Act will be related to the comprehensive workforce development plan and system required by the state Act. This *Policy Framework* recognizes this need and, where appropriate, makes recommendations or offers choices that will help inform the legislative process.

III. Senate Bill 1744

BILL NUMBER: SB 1744 CHAPTERED

CHAPTER 990
FILED WITH SECRETARY OF STATE SEPTEMBER 30, 1998
APPROVED BY GOVERNOR SEPTEMBER 29, 1998

INTRODUCED BY Senator Johnston (Principal co-author: Assembly Member Knox)

An act to amend Sections 11010, 11011, and 15037 of, and to repeal Section 15076.7 of, the Unemployment Insurance Code, relating to job training.

LEGISLATIVE COUNSEL'S DIGEST

SB 1744, Johnston. Job training. Existing law establishes the State Job Training Coordinating Council. Under existing law, the Secretary of the Health and Welfare Agency, the Secretary of the Trade and Commerce Agency, the Chancellor of the California Community Colleges, and the Superintendent of Public Instruction are required to develop and maintain an integrated state work force development plan.

This bill would instead require those persons, in collaboration with state and regional, as well as local work force education and training providers, private industry councils, and business and labor representatives, to develop a state work force development plan to create an integrated, high-quality work force development system out of the current array of job training and vocational education programs. The bill would revise provisions related to the plan, including a requirement that it be updated every five years and include specified matters, and a requirement that a final recommendation be transmitted to the Governor and the Legislature by October 1, 1999. The bill would make related changes.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 11010 of the Unemployment Insurance Code is amended to read:

11010. (a) The Legislature finds and declares the following:

(1) California must have a world class system of education and training linked to economic development in order to meet the demands of global economic competition.

(2) The California Economic Strategy Panel determined that California's economy is undergoing a dramatic transformation whereby California is in an established leadership position with respect to a number of emerging industries representing a new economy of the 21st century, and that education and work force preparation are critical to the growth and competitiveness of California's economy.

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(3) California's work force preparation programs, including job training, job placement, and education, spend over six billion dollars ($6,000,000,000) annually serving 6,700,000 students, displaced and unemployed workers, welfare recipients, and incumbent workers.

(4) At least 22 state programs and many federal and local programs provide these work force preparation services.

(5) With the increasing demand to educate and train the youth and adults in this state with the skills necessary to obtain and retain employment especially in the industries essential for its economic growth, California needs to maximize the effective use of resources for its work force preparation programs to create a more coherent, comprehensive, accountable, and customer-focused system.

(6) An effective work force preparation system is necessary for California to meet the time limit and work force preparation requirements of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193).

(7) In order to accomplish this, the public and private sector entities responsible for economic development, education, and work force preparation must collaborate at the state and local levels.

(8) This collaboration must be compatible with the existing missions and governance structures of all entities involved.

(9) The major objective of this act is the integration of existing local and regional partnerships that support initiatives in education reform, work force preparation, and economic development.

(10) In order to promote this collaboration, the Secretary of the Health and Welfare Agency, the Secretary of the Trade and Commerce Agency, the Chancellor of the California Community Colleges, and the Superintendent of Public Instruction shall, in consultation with state, regional, and local stakeholders, and customers, collaborate in the development of a state work force development system and shall encourage and support local partners to develop regional work force collaboratives.

(b) The Legislature hereby enacts the Regional Workforce Preparation and Economic Development Act to demonstrate how, through the collaboration of state and local resources, education, work force preparation and economic development services can be delivered to clients in a more responsive, integrated, and effective manner.

SEC. 2. Section 11011 of the Unemployment Insurance Code is amended to read:

11011. (a) On or before April 1, 1998, the Secretary of the Health and Welfare Agency, the Secretary of the Trade and Commerce Agency, the Chancellor of the California Community Colleges with the consent of the Board of Governors, and the Superintendent of Public Instruction, with the consent of the State Board of Education, shall enter into a memorandum of understanding to develop and maintain a plan including a schedule to do the following:

(1) (A) Develop a state work force development plan to create an integrated, high-quality work force development system out of the current array of job training and vocational education

programs in order to prepare emerging, transitional, and current workers to be employed in the state's global economy. The plan shall serve as a framework for the development of public policy, fiscal investment, and operation of all state work force education and training programs.

(B) The plan, which shall be updated every five years, shall, at a minimum, include all of the following:

(i) Long term goals for the state's work force development system.

(ii) Short term objectives and benchmarks that the state will use to measure its progress towards meeting the state's goals for the state work force development system and its programs.

(iii) Identification of the role each institution and program plays in the statewide system and mechanism of articulation among programs.

(iv) A strategy for assessing unmet work force preparation needs and areas of duplicative services and a description of measures to assure coordination, eliminate duplication, and maximize or redirect funding to more effectively deliver services to meet the state's work force development needs.

(v) A strategy for consolidating multiple planning processes.

(vi) A strategy with benchmarks for implementing a system of universal access to work force development services ensuring access to comprehensive services in all rural and urban areas of the state.

(C) The plan shall be developed through a collaborative process that shall include review and input by state, regional, and local work force education and training providers, private industry councils, and representatives of business and labor.

(D) A report with final recommendations on how state, local, and regional agencies and programs can deliver seamless, high-quality services to clients shall be transmitted to the Governor and the Legislature by October 1, 1999.

(2) Initiate a competitive process to select a minimum of five regional education, work force preparation, and economic development collaboratives, known as regional collaboratives, that will receive financial and program incentives to develop local partnerships to maximize the delivery of employment, training, and education services. These partnerships shall collaborate in the development of shared systems to improve their efficiency and effectiveness in delivering work force development services.

(3) Identify new and redirected resources, federal and state waivers, and legislative changes necessary to enhance the effectiveness of regional collaboratives.

(b) Regional collaboratives shall have representation from the following public and private entities:

(1) The Employment Development Department.

(2) The local Job Training Partnership Act administrative entity.

(3) Community college districts.

(4) Local school districts, including those that provide adult education and regional occupational centers or programs.

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(5) Regional occupational centers serving adults.

(6) Entities administering local public assistance welfare-to-work programs.

(7) Local economic development organizations.

(8) The private sector, including both business and labor.

In addition, the competitive selection process shall emphasize the expectation that these regional collaboratives will have broad representation of all public, private, and nonprofit agencies that have an interest in education, economic development, welfare-to-work, and work force development.

(c) Regional collaboratives shall be selected and shall receive financial and program incentives effective July 1, 1998.

(d) From existing state and federal funds available for expenditure for the purposes of this section, the state partners shall identify five million dollars ($5,000,000) per year for each of three years for distribution to a minimum of five regional collaboratives, in order to create systemic change that results in increased collaboration and service delivery within each region.

SEC. 3. Section 15037 of the Unemployment Insurance Code is amended to read:

15037. The state council shall:

(a) Review and comment on the state work force development plan developed pursuant to Section 11011.

(b) Develop and recommend to the Governor and the Legislature a coordination and special services plan, which includes a dislocated workers assistance plan, in accordance with Chapter 4.5 (commencing with Section 10510) of Part 1 of Division 3.

(c) Recommend to the Governor local service delivery areas. To the extent permitted by federal law, designation of service delivery areas shall reflect the intent of the Legislature to integrate and coordinate employment and training services, public assistance programs, and other educational and training efforts as may exist which are designed to assist individuals in preparing for participation in the labor force.

(d) To the extent permitted by federal law, establish policies which shall be followed by the department in performing all of the following functions:

(1) Approval of local service delivery area plans.

(2) Establishment of standards, criteria, and reporting requirements established by the department pursuant to this division with respect to local service delivery area plans.

(3) Allocation of funds for local service delivery area plans, including funds for plans submitted under Chapter 7.5 (commencing with Section 15075).

(e) Plan, review and approve the allocation, recapture, and reallocation of federal funds received by the state pursuant to the federal Job Training Partnership Act. Funds received by the state in accordance with Sections 202(c)(1)(C) and 262 (c)(1)(C) of that act shall be allocated to the Superintendent of Public Instruction as necessary to meet the need determined by the superintendent pursuant to Section 33117.5 of the Education Code. The state council shall be deemed to have approved the disbursement of funds when the Governor approves a decision of the state council

specifying a budget for an authorized program or activity and designating the department or agency responsible for the expenditure of the budgeted funds. An agreement shall be entered into between the Employment Development Department and the State Department of Education and shall provide that Job Training Partnership Act funds provided for the purposes of Section 33117.5 of the Education Code shall be utilized for payment to local educational agencies.

(f) Review and approve the annual labor market and occupational supply and demand information plan developed pursuant to Section 10532.

(g) Consider and advise the director on all matters connected with the administration of this code as submitted to it by the director, and may upon its own initiative recommend changes in administration as it deems necessary.

(h) Review and comment to the Governor and the Legislature on the annual report prepared in accordance with Section 15064.

(i) Serve as the body responsible for making recommendations to the Governor when the director proposes to withdraw funding pursuant to Section 15028.

SEC. 4. Section 15076.7 of the Unemployment Insurance Code is repealed.

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IV. Plan Development Process

The state partnership joint management team (referred to as "the team") began the development of the integrated state plan with two objectives, to create a sound policy framework, and to identify the actions necessary to begin the development of a statewide workforce system. The team was committed to a plan development process which would be completely open and inclusive. With these considerations in mind, the team proposed to develop the plan around the concept of a vision for California's future workforce development system, and to build the policy framework around the elements of that vision: the future state, the people served, essential services, and the systems and strategies necessary to create the envisioned system.

The team designed a process that included the participation of key interest groups and organizations, and the public at large. An advisory group of more than 30 members was created. Four meetings were held with the advisory group at key times in the development of the draft state plan. At the initial meeting, the advisory group made valuable recommendations for public participation that the joint management team incorporated into its work plan.

The public review process began with a series of six statewide forums. Participants were briefed on the Act and the conceptual framework for the plan, and encouraged to raise questions and make suggestions. These forums provided time for open discussion, but were based on a structured approach to maximize the time available. In addition, a web site was created, and interested agencies and organizations were encouraged to submit comments and recommendations.

The results of these forums were reviewed with the advisory group, and their comments were included in the analysis of the material gathered through the public process. The team then developed a public review draft of the integrated state plan. This public review draft served several purposes. First, it permitted continued development of the integrated state plan during the transition to a new Governor's administration, without committing the new Governor to actions taken under the previous administration. Second, it set out a proposed policy framework for workforce development, for review and comment. Finally, it suggested possible action steps, in order to focus discussion on implementation as well as policy.

The public review draft has been through a similar review and discussion process. The advisory group reviewed and commented on the plan, a series of public forums were held statewide, two statewide videoconferences were held, and interested parties were encouraged to send their comments through the web site, e-mail, or by letter or telephone. In addition, the draft plan was presented at a number of conferences and meetings, was reviewed within the community colleges system through their consultation process, and has received extensive review within the California Department of Education. The formal public review process concluded on March 10.

Over the next several months, the team analyzed the public input and revised the draft, producing *California Workforce Development: A Policy Framework for Economic Growth*, which was submitted to the principals at the four partner agencies for final approval.

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V. Glossary of Terms

Accountability

As used in the *Policy Framework*, accountability refers to measurements of how well individuals and programs carry out their responsibilities.

All Students

The term "all students" means both male and female students from the full range of backgrounds and circumstances, including disadvantaged students, students of diverse racial, ethnic, or cultural backgrounds, students with disabilities, students with limited-English proficiency, migrant children, school dropouts, and academically talented students.

Articulation

Articulation is the structuring of educational programs between different educational segments so that coursework fits into a systematic whole. The Tech-Prep model is an example: it begins with courses in grades 11 and 12 that lead to more advanced courses in community college, and eventually to an Associate of Arts degree or certification in a technical field. Articulation agreements between institutions allow students to transition smoothly between those institutions without losing credit for work already done or being forced to repeat work.

Model Practices

Model practices are those programs, strategies, and activities identified by schools, educational agencies, and–in the context of this *Policy Framework*–workforce preparation and economic development agencies and regional collaboratives which demonstrate success in accomplishing their identified goals. It is expected that regional collaboratives funded by the state partnership will share their success, or model practices, with other collaboratives.

California Work Opportunity and Responsibility to Kids (CalWORKs)

The CalWORKs program establishes time-limited assistance, requires work requirements for able-bodied adults, and provides incentives to counties which meet work participation rates. You may obtain a copy of the entire CalWORKs legislation (AB 1542) at the following address: www.leginfo.ca.gov. CalWORKs is California's implementation legislation for the federal "Personal Responsibility and Work Opportunity Reconciliation Act of 1996" which enacted federal welfare reform and converted Aid to Families with Dependent Children (AFDC) to the Temporary Assistance for Needy Families program (TANF).

Carl D. Perkins Vocational and Applied Technology Education Act

Known as the Perkins Act, this federal program supplements state secondary, postsecondary, and adult vocational education programs, with the goal of improving educational programs leading to academic, occupational, training, upgrading and retraining skill competencies needed to work in a technologically advanced society. The Perkins Act has an economic mission to make the United States more competitive in the world economy by more fully developing the academic and occupational skills of all segments of the population. In October 1998, Congress reauthorized the Perkins Act; changes included directing more resources to local agencies, increasing local flexibility, and eliminating the requirement to provide specific programs to eliminate sex bias in vocational education. Performance-based accountability measures were strengthened and targeted at successful outcomes for students in Perkins-funded programs, including those representing "special populations" (single parents, displaced homemakers, single pregnant women, and others).

Content and Performance Standards

Content standards identify what students are supposed to learn in a particular subject area; they are sometimes specified by grade level. Performance standards identify a specific set of goals for student achievement. They include what students should be able to do with what they have learned, and how well they are supposed to do it. Assessment of performance is based on students demonstrating their skills and knowledge. Whether applied at the classroom, school, district, state, or national levels, standards establish concrete and specific goals for students. In 1997 and 1998, California adopted voluntary statewide standards for grades 1-12 in English/language arts, mathematics, science, and history/social science. In addition, many school districts have adopted local standards.

Economic Development

Economic development is the entire array of activities, some conducted by government, and some by the private sector, often in partnership with government, that are intended to expand the economy of a designated area and to increase the number of jobs available in that area. There are many strategies involved in economic development, including tax incentives, regulatory reform, and other incentives for encouraging businesses to expand or locate in specific areas. In the Economic Strategy Panel report, *Collaborating to Compete in the New Economy*, education and preparation of a skilled workforce were identified as two key factors to be addressed for economic development efforts to be successful.

Employment Training Panel (ETP)

The ETP provides up to $100 million annually in job training funds to employers throughout California. The ETP is funded through the Employment Training Tax (ETT) which is levied on California employers who participate in the Unemployment Insurance (UI) system. You may find more information on ETP at: www.etp.cahwnet.gov.

Economic Strategy Panel

The California Economic Strategy Panel, chaired by the Secretary of Trade and Commerce, was formed in 1994 as part of a statewide economic planning effort. The bipartisan panel, which includes representatives of the Governor, business, labor, and the Legislature, is charged with developing an overall economic vision and strategy to guide public policy toward a prosperous 21st century. In its February 1996 report, *Collaborating to Compete in the New Economics*, the panel identified workforce preparation as key to economic success for the state.

Essential Employability Skills

The term "essential employability skills," also known as "soft skills," applies generally to those social and interpersonal skills which are considered by employers to be essential to success in the workplace. These skills include accountability for actions, common sense, continual learning, cooperativeness, flexibility, dependability, integrity, motivation, work habits, and other such qualities. Some people additionally include basic reading, writing, and computing skills necessary for academic success as essential employability skills.

Evaluation

As used in the *Policy Framework*, evaluation is the process of measuring the effects of programs and systems.

Industry Cluster

Industry Cluster means a geographic concentration or emerging concentration of interdependent industries with direct service, supplier, and research relationships, or that share common resources and sell a significant portion of their goods or services outside of the region.

Job Training Partnership Act (JTPA)

The federal JTPA, which was replaced in 1998 by the Workforce Investment Act (WIA) authorized and funded employment and training programs, primarily economically disadvantaged adults and youth, dislocated workers and others facing significant employment barriers. (See Workforce Investment Act.)

Labor Market Area

A labor market area is defined by the U.S. Bureau of Labor Statistics as an economically integrated geographic area within which individuals can reside and find employment, or can readily change employment without changing their place of residence. The information provided by labor market areas is used by various government agencies to administer federal and state programs.

One-Stop Career Centers

One-Stop Career Centers offer customer-focused services to employers and job seekers and include easy access to integrated and comprehensive employment, training, and education services. California's One-Stop Career Center System or California WorkNet is designed to ensure that local partnerships are developed, and that services are customer focused, easily usable and accessible, and tailored to meet the specific needs of local labor markets. You may find additional information on California's One-Stop system at: sjtcc.cahwnet.gov/SJTCCWEB/ONE-STOP.

Program Sequencing

Program sequencing is the coherent organization of an educational or training program. The students' individual programs are arranged to make sure they get the right courses in the right order. Program sequencing is a component of articulation between institutions; students are assured they will be able to move seamlessly from courses in one educational institution to courses taken at an educational institution at the next level.

Region

As used in the *Policy Framework*, region means the designated geographic area in which collaborative members will provide workforce services. This area may be distinct from economic regions defined by the Economic Strategy Panel. The Regional Workforce Preparation and Economic Development Act (RWPEDA) collaboratives have defined regions based on existing partnerships as well as labor market and economic considerations, including areas of influence affected by education, job training and economic development entities involved in the collaborative effort.

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The intent of the plan is that regions will be self-defined based on criteria established at the state level, and will implement state workforce development policy at the regional level.

Regional Collaboratives

As defined by the RWPEDA, the term regional collaborative means a regional partnership that is responsible for implementing the goals of the Act. Regional collaboratives funded under the Act must include the following partners: community college districts; local school districts, including those that provide adult education and regional occupational centers/programs; the Employment Development Department; the local JTPA administrative entity; regional occupational centers/programs serving adults; entities administering local public assistance welfare-to-work programs; local economic development organizations; and the private sector, including both business and labor. Regional collaboratives may also have representation from local public, private, and non-profit agencies that have an interest in education, economic development, welfare-to-work, and workforce development.

Regional Occupational Centers/Programs (ROCPs)

These centers/programs provide vocational training and academic education to high school pupils and adults. Courses offered by ROCPs cover a wide range of job-related training, which is conducted in facilities on high school sites, centers, or business sites.

SCANS

The Secretary's Commission on Achieving Necessary Skills (SCANS) was convened in February 1990 to examine the demands of the workplace and to determine whether the current and future workforce is capable of meeting those demands. The Commission identified five competencies (i.e., skills necessary for workplace success) and three foundations (i.e., skills and qualities that underlie competencies). The competencies include resources, interpersonal skills, information, systems, and technology. The underlying foundations are: *basic skills*–reading, writing, arithmetic and mathematics, speaking, and listening; *thinking skills*–thinking creatively, making decisions, solving problems, knowing how to learn, reasoning; and *personal qualities*–individual responsibility, self-esteem, sociability, self-management, and integrity.

School-to-Work Opportunities Act of 1994 (STWOA)

The federal STWOA was signed into law in May 1994. It places major responsibility on state government for developing systems of school-to-work or, as it is called in California, School-to-Career (STC) transition. As defined in the Act, the general requirements of a School-to-Work

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Opportunities system includes integrated school-based and work-based learning that integrates academic and occupational learning; links between secondary and postsecondary education; and a connecting activity component.

Self-Sufficiency

The term "self-sufficiency" refers to the ability of an individual or a family to meet all their economic needs through paid work, with no requirement for public assistance. Self-sufficiency calculations are based on the costs specific to identified geographic areas, and include amounts required for child care, transportation and other basic services that are not normally calculated in federal poverty guidelines. An income required for an individual or family to be truly "self-sufficient" is normally greater than minimum wage.

Service Delivery Areas (SDAs)

An SDA is a geographic area designated by the Governor based on population and labor market. Until superseded by the Workforce Investment Act, SDAs administered local JTPA funds through a partnership between the local elected officials and a Private Industry Council (PIC) made up of representatives from private sector businesses, organized labor, community-based organizations, local government agencies, and local education agencies.

Sustainability

Sustainability is the ability of a regional collaborative or other program or activity funded through a categorical or temporary grant to continue to exist in the absence of special funding.

Tech Prep

Tech Prep Education is a combined secondary and postsecondary program that: (a) leads to an associate degree, two-year certificate, or two-year apprenticeship program; (b) provides technical preparation in at least one field of engineering technology, applied science, mechanical trade, industrial arts, practical arts or trade, agriculture, health, or business; (c) builds student competency in mathematics, science, and communications (including applied academics) through a sequential course of study; and (d) leads to employment and/or transfer to four-year baccalaureate degree programs.

Welfare-to-Work

The Balanced Budget Act of 1997 authorizes the U.S. Department of Labor to provide Welfare-to-Work (WtW) Grants to states and local communities to create additional job opportunities for the

hardest-to-employ recipients of Temporary Assistance for Needy Families grants (TANF). The grants total $3 billion: $1.5 billion to be awarded in fiscal year 1998 and $1.5 billion in fiscal year 1999. Two-thirds of the funds will be distributed by formula to states and one-third through a competitive award process directly to local communities. You may find more information on WtW grants at: wtw.doleta.gov.

Workforce Development

As used in the *Policy Framework*, workforce development refers to the entirety of the systems by which people are educated, trained, upgraded and retrained for employment and participation in the workforce. Included in the process are all segments of the system—from K–12 education and postsecondary institutions to public and private training programs to economic development and employment expansion programs.

Workforce Investment Act (WIA)

Passed in 1998, the WIA is the latest in a series of laws which have provided federal support for workforce preparation and employment; it replaces the JTPA which was originally authorized in 1982. There are elements of WIA which differ significantly from JTPA, including: creation of a State Workforce Investment Board and local boards; focus on a One-Stop delivery system for state and local workforce investments; the availability, with no eligibility requirements, of "core" services to all adults, and "intensive" services for unemployed individuals who are not able to find jobs through core services alone; the use of Individual Training Accounts by which adult customers can choose the training that best meets their employment training needs; and new accountability provisions to measure customer satisfaction of participants and employers. The bill becomes fully effective on July 1, 2000 and extends through 2003.

Workforce Preparation

As used in the *Policy Framework*, workforce preparation refers to programs offered both in the public and private sectors that are focused on employment and training. These programs are intended to lead to job-specific and technical skills required for job readiness, regardless of whether the student is or has been employed before. Job training programs serve both youth and adults, but do not generally contain basic academic material as part of their curriculum

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California Workforce Development: A Policy Framework for Economic Growth and the other background documents are available online at www.regcolab.cahwnet.gov.

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